

House Engrossed

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
Second Regular Session  
2004

**FILED**  
**JANICE K. BREWER**  
**SECRETARY OF STATE**

CHAPTER 211

## HOUSE BILL 2551

AN ACT

AMENDING SECTION 20-2508, ARIZONA REVISED STATUTES; RELATING TO INSURANCE  
UTILIZATION REVIEW AGENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 20-2508, Arizona Revised Statutes, is amended to read:

20-2508. Denial of certificates; revocation; hearing; penalties

A. The director shall deny a certificate if the director finds that the utilization review agent does not:

1. Have an allopathic or osteopathic physician available to supervise utilization review activities of any medical, surgical or health care services except that:

(a) A dental service corporation that is licensed pursuant to chapter 4, article 3 of this title and a prepaid dental plan organization that is licensed pursuant to chapter 4, article 7 of this title may have a licensed dentist supervise or conduct utilization review activities for health care services that involve dental care.

(b) An optometric service corporation that is licensed pursuant to chapter 4, article 3 of this title may have a licensed optometrist supervise or conduct utilization review activities for health care services that involve optometric care.

2. Meet all applicable department rules relating to the qualifications of utilization review agents or the performance of utilization review.

3. Provide assurances satisfactory to the director that the procedure and policies of the utilization review agent will protect the confidentiality of medical records and the utilization review agent will be reasonably accessible to patients and providers in this state and the department by a toll free telephone line or by acceptance of long-distance collect calls for forty hours each week during normal business hours.

B. The director shall deny a certificate to a utilization review agent who has been convicted of a misdemeanor involving moral turpitude or a felony or who employs a person who has been convicted of a ~~misdemeanor involving moral turpitude or a felony~~.

C. The director may suspend, revoke or refuse to renew a certificate issued under this chapter if after giving notice to the utilization review agent, and holding a hearing if demanded by the agent, the director finds that the agent has violated ~~a provision of this chapter or a rule adopted~~ under this chapter.

D. If after a hearing the director finds that the agent has violated this chapter or an applicable rule or order adopted under this chapter, the director shall issue an order that specifies the violation and may impose a civil penalty of not more than two hundred fifty dollars for each violation or an aggregate civil penalty of not more than two thousand five hundred dollars. The director may also impose a civil penalty of not more than two thousand five hundred dollars for each knowing violation or an aggregate civil penalty of not more than fifteen thousand dollars. The director shall deposit, pursuant to sections 35-146 and 35-147, all monies in the state general fund. A civil penalty is in addition to any other applicable penalty

1 or restraint provided in this chapter and may be recovered in a civil action  
2 brought by the director.

3 E. A certificate does not expire or terminate until a pending  
4 department investigation is resolved but is suspended on the date it would  
5 otherwise expire or terminate. The utilization review agent shall not  
6 transact business in this state until the investigation is completed.

7 F. When the director suspends or revokes a certificate the director  
8 shall immediately notify the utilization review agent either by personal  
9 service or by mail addressed to the agent at the agent's address of record.  
10 Notice by mail is effective at the time it is mailed.

11 G. The utilization review agent shall deliver a revoked or suspended  
12 certificate to the director on the director's request.

13 H. The director shall not issue a new certificate earlier than one  
14 year after the date of a previous revocation. Agents shall reapply to the  
15 director and shall meet all the requirements of this chapter to obtain a new  
16 certificate.

17 I. If the certificate of a firm or corporation is suspended or  
18 revoked, no member of that firm or officer or director of the corporation may  
19 hold a certificate during the period of the suspension or revocation unless  
20 the director determines, based on substantial evidence, that the member,  
21 officer or corporation director was not personally at fault.

APPROVED BY THE GOVERNOR MAY 10, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 10, 2004.